

The three (3) mill special Pension Fund would have income of Approximately \$43,500.00 annually (Based on 1982 assessment figures.)

According to the latest actuarial report, the municipality's contribution to avoid increases in the unfunded prior service liabilities would require \$149,000 for the police plan and \$36,100 for the firemen's plan. This would require an increase of 13 mills in the real estate tax rate. Since the municipality has a percentage of elderly, unemployed, and other fixed income property owners, an increase of 13 mills in the real estate tax rate would be prohibitive.

Thus, a gradual reduction in the unfunded prior service liabilities is suggested. This could be accomplished with the special Pension Fund.

The disposition of the special Pension Fund revenues would be:

REVENUES (3 mills)-----	\$43,500.00
EXPENDITURES:	
Contribution to police plan-----	7,641.00
Contribution unfunded liabilities-	
police plan-----	27,380.00
Contribution to firemen's plan-----	7,641.00
Contribution unfunded liabilities-	
firemen's plan-----	1,837.00
TOTAL EXPENDITURES-----	\$43,500.00

\* The recommended annual contribution for unfunded prior service liabilities (based on latest actuarial report and municipal audit) is \$185,200. The recommended annual contribution for unfunded liability for the police plan is \$149,100.00, or 80.51% of the \$185,200.00 total. The recommended annual contribution for unfunded liability for the firemen's plan is \$36,100.00, or 19.49% of the \$185,200.00 total. The annual contribution for unfunded prior service liabilities for these plans in this proposal is computed this way:

Police:

\$43,500 times 80.51% equals \$35,021.00  
\$35,021.00 minus 1% of all municipal tax revenues (the amount to be used as the municipality's annual contribution to the plan, or \$7,641.00 is \$27,380.00 the amount to go annually to unfunded prior service liabilities.

Fire:

\$43,500 times 19.49% equals \$8,478.00.  
\$8,478.00 minus 1% of all municipal tax revenues (the amount to be used as the municipality's annual contribution to the plan, or \$7,641.00) is \$1,837.00 the amount to go annually to unfunded prior service liabilities.

- (b) Member contributions are presently based at a rate of four (4) percent of gross pay. Even with a special Pension Fund created by the municipality to accomodate the annual municipal contributions and contributions for unfunded prior service liabilities, problems will continue to affect the funds if additional revenues are not made available. Since the four (4) percent contribution by police and firemen is considerably less than the average 14% contribution made by workers in private industry to the Social Security plan, it would not be unfair to expect members on the police and firemen's pension plans to allow an increase in their rate of contribution. We propose member's contributions be increased from four (4) percent to ten (10) percent. This still is far below the Social Security rate. This would increase the police contributions to \$24,750.00 and the firemen's contribution to \$11,600.00 (Both figures are based on total payrolls of the 1983 municipal budget).